



TEXAS DEPARTMENT OF INSURANCE

Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name

FONDREN ORTHOPEDIC GP, LLP

Respondent Name

LIBERTY MUTUAL INSURANCE CO

MFDR Tracking Number

M4-17-2568-01

Carrier's Austin Representative

Box Number 01

MFDR Date Received

MAY 1, 2017

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "We have attached the coded operative report to support the 22 modifier on code 23474. The Dr. indicates the reason why the 22 was used. Therefore we would like the add'l we are due for this modifier."

Amount in Dispute: \$906.11

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: CPT 23474 was paid per the Texas Fee Schedule at \$3,642.17. Modifier 22 though was not supported in the medical records therefore the additional 25% allowance for Modifier 22 was not applied...In our review of the 'Procedure in Detail' the surgeon...does not state how much longer this procedure took nor if there were any complications, technical difficulty, patient co-morbidities that necessitated 'increased procedural services'."

Response Submitted by: Liberty Mutual Insurance Co.

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
December 21, 2016	CPT Code 23474-22-RT	\$906.11	\$0.00

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving a medical fee dispute.
2. 28 Texas Administrative Code §134.203, effective March 1, 2008, sets the reimbursement guidelines for the disputed service.
3. The services in dispute were reduced/denied by the respondent with the following reason codes:

- Z710, B13, W3-The charge for this procedure exceeds the fee schedule allowance.
- P300-Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement.
- 193-Original payment decision is being maintained. Upon review, it was determined that this claim was processed properly.

Issues

Is the requestor entitled to additional reimbursement?

Findings

1. 28 Texas Administrative Code §134.203(b) states “For coding, billing, reporting, and reimbursement of professional medical services, Texas workers' compensation system participants shall apply the following: (1) Medicare payment policies, including its coding; billing; correct coding initiatives (CCI) edits; modifiers...”

The Requestor billed CPT code “23474-Revision of total shoulder arthroplasty, including allograft when performed; humeral and glenoid component.” The requestor appended modifiers “22-Increased Procedural Services” and “RT-Right Side” to CPT code 23474.

2. Per 28 Texas Administrative Code §134.203(c)(1)(2), “To determine the MAR for professional services, system participants shall apply the Medicare payment policies with minimal modifications.

(1) For service categories of Evaluation & Management, General Medicine, Physical Medicine and Rehabilitation, Radiology, Pathology, Anesthesia, and Surgery when performed in an office setting, the established conversion factor to be applied is \$52.83. For Surgery when performed in a facility setting, the established conversion factor to be applied is \$66.32.

(2) The conversion factors listed in paragraph (1) of this subsection shall be the conversion factors for calendar year 2008. Subsequent year's conversion factors shall be determined by applying the annual percentage adjustment of the Medicare Economic Index (MEI) to the previous year's conversion factors, and shall be effective January 1st of the new calendar year. The following hypothetical example illustrates this annual adjustment activity if the Division had been using this MEI annual percentage adjustment: The 2006 Division conversion factor of \$50.83 (with the exception of surgery) would have been multiplied by the 2007 MEI annual percentage increase of 2.1 percent, resulting in the \$51.90 (with the exception of surgery) Division conversion factor in 2007.”

To determine the MAR the following formula is used: (DWC Conversion Factor/Medicare Conversion Factor) X Participating Amount = Maximum Allowable Reimbursement (MAR).

The 2016 DWC conversion factor for this service is 71.32.

The Medicare Conversion Factor is 35.8043

Review of Box 32 on the CMS-1500 the services were rendered in zip code 77030, which is located in Houston, Texas; therefore, the Medicare participating amount is based on locality “Houston, Texas”.

The Medicare participating amount \$1,828.45.

Using the above formula, the Division finds the MAR for surgeon's bill is \$3,642.16. The respondent paid \$3,642.17.

3. The requestor appended Modifier “22-Increased Procedural Services” which is defined as “When the work required to provide a service is substantially greater than typically required, it may be identified by adding modifier 22 to the usual procedure code. Documentation must support the substantial additional work and the reason for the additional work (ie, increased intensity, time, technical difficulty of procedure, severity of patient's condition, physical and mental effort required).”

A review of the submitted documentation finds that the requestor underlined the circumstances in the Operative Report why modifier 22 was used.

4. The requestor is seeking a greater reimbursement than the MAR allowance for code 23474 by appending modifier 22.

The *Medicare Claims Processing Manual* Chapter 12 §20.4.6 entitled *Payment Due to Unusual Circumstances (Modifiers “-22” and “-52”)*, Rev. 1, 10-01-03, B3-15028, states “The fees for services represent the average work effort and practice expenses required to provide a service. For any given procedure code, there could typically be a range of work effort or practice expense required to provide the service. Thus, carriers may

increase or decrease the payment for a service only under very unusual circumstances based upon review of medical records and other documentation.”

5. The *Medicare Claims Processing Manual* Chapter 12 §40.2.A.10 entitled *Unusual Circumstances*, Rev. 2997, effective: upon implementation of ICD-10, provides that “Surgeries for which services performed are significantly greater than usually required may be billed with the ‘-22’ modifier added to the CPT code for the procedure.”... “The biller must provide:
 - A concise statement about how the service differs from the usual; and
 - An operative report with the claim.

Modifier ‘-22’ should only be reported with procedure codes that have a global period of 0, 10, or 90 days.”

The Division finds that modifier 22 can be reported with CPT code 23474 because it has a global period of 90 days. The requestor did submit an operative report, and noted “Reverse prosthesis is a much more complex device than conventional shoulder arthroplasty requiring more time for insertion as well as more diligent followup to observe for the higher complication rate that can occur in the postoperative global period.” The requestor did not indicate how much more time it took compared to a conventional shoulder arthroplasty.

4. The *Medicare Claims Processing Manual* Chapter 12 §40.4.A. entitled *Fragmented Billing of Services Included in the Global Package*, Rev. 2997, effective: upon implementation of ICD-10, provides, in relevant part, that “Claims for surgeries billed with a “-22” or “-52” modifier, are priced by individual consideration if the statement and documentation required by §40.2.A.10 are included.”

Modifier 22 does not have a relative value assigned in the fee schedule.

6. Per 28 Texas Administrative Code §134.203(f), states that “For products and services for which no relative value unit or payment has been assigned by Medicare, Texas Medicaid as set forth in §134.203(d) or §134.204(f) of this title, or the Division, reimbursement shall be provided in accordance with §134.1 of this title (relating to Medical Reimbursement).

Where the provider has billed for services for which no relative value unit or payment has been assigned by Medicare, Division rule at 28 TAC §134.203(f) provides that such services shall be reimbursed in accordance with Division rule at 28 TAC §134.1.

7. 28 Texas Administrative Code §134.1, requires that, in the absence of an applicable fee guideline, medical reimbursement for health care not provided through a workers' compensation health care network shall be made in accordance with §134.1(f) which states that “Fair and reasonable reimbursement shall: (1) be consistent with the criteria of Labor Code §413.011; (2) ensure that similar procedures provided in similar circumstances receive similar reimbursement; and (3) be based on nationally recognized published studies, published Division medical dispute decisions, and/or values assigned for services involving similar work and resource commitments, if available.”
8. 28 Texas Administrative Code §133.307(c)(2)(O) requires the requestor to provide “documentation that discusses, demonstrates, and justifies that the payment amount being sought is a fair and reasonable rate of reimbursement in accordance with §134.1 of this title (relating to Medical Reimbursement) or §134.503 of this title (relating to Pharmacy Fee Guideline) when the dispute involves health care for which the division has not established a maximum allowable reimbursement (MAR) or reimbursement rate, as applicable.” The Division reviewed the documentation submitted by the requestor and finds:
 - The requestor does not discuss or demonstrate how the additional payment of \$906.11 for code 23474-22-RT would result in a fair and reasonable reimbursement.
 - The requestor did not submit documentation to support that the payment amount being sought is a fair and reasonable rate of reimbursement.
 - The requestor did not discuss or explain how payment of the requested amount would ensure the quality of medical care, achieve effective medical cost control, provide for payment that is not in excess of a fee charged for similar treatment of an injured individual of an equivalent standard of living, consider the increased security of payment, or otherwise satisfy the requirements of Texas Labor Code §413.011(d) or Division rule at 28 TAC §134.1.
 - The requestor did not discuss or support that the proposed methodology would ensure that similar procedures provided in similar circumstances receive similar reimbursement.
 - The requestor did not submit nationally recognized published studies, published Division medical dispute decisions, or documentation of values assigned for services involving similar work and resource commitments to support the proposed methodology.

Thorough review of the documentation submitted by the requestor finds that the requestor has not demonstrated or justified that payment of the amount sought would be a fair and reasonable rate of reimbursement for the services in dispute. The Division therefore finds that the requestor is not entitled to additional reimbursement.

Conclusion

For the reasons stated above, the Division finds that the requestor has not established that additional reimbursement is due. As a result, the amount ordered is \$0.00.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §413.031, the Division has determined that the requestor is entitled to \$0.00 reimbursement for the disputed services.

Authorized Signature

_____ Signature	_____ Medical Fee Dispute Resolution Officer	<u>05/25/2017</u> Date
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YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.